

## ONLINE ACCOUNTS: IRS Online Accounts Do Not Have Sufficient Functionality and Integration With Existing Tools to Meet the Needs of Taxpayers and Practitioners

### WHY THIS IS A SERIOUS PROBLEM FOR TAXPAYERS

Imagine sitting at your computer or on your mobile device and being able to quickly access answers to tax questions, review account information, upload or exchange documents, receive alerts to check your online account to view the latest IRS correspondence, check the status of your original or amended tax return, receive notification of delays and instructions on how to clarify an issue, or communicate with an IRS revenue agent, revenue officer, or appeals officer, all by logging into one portal. In its current state, the IRS's Online Account application provides individual taxpayers some limited functionality focused on payments and compliance but falls short of providing what taxpayers want, need, and expect for service. For example, individuals have no options within the Online Account application to resolve simple issues (e.g., certain math errors), chat or schedule a chat with IRS representatives, or provide documentation. Business taxpayers currently do not have the ability to access a business online account, and tax professionals lack the ability to access their clients' data within Tax Pro Account.

The National Taxpayer Advocate would like to stop *imagining* this functionality and see the IRS *delivering* these much-needed online account features to all taxpayers. Although we recognize and appreciate the myriad of challenges, including the constraints of implementing legislative changes, congressional budget allocations, limited human resources,<sup>1</sup> cybersecurity concerns, and the transformation of business operations, the need for a more robust online account presence is clear, present, and immediate if the IRS has any hope to avoid the service issues encountered in the 2021 filing season.<sup>2</sup>

### EXPLANATION OF THE PROBLEM

Every day, taxpayers use their computers or mobile devices to access financial accounts. They pay bills, make changes to their account information, add/cancel services, purchase/return products, conduct banking or investment transactions, review credit card statements, order food deliveries, meet virtually with family members or friends, make inquiries, and even chat with a business customer service representative (CSR); the list is endless. Yet, similar options are not available for taxpayers wishing to engage online with the IRS. A truly robust IRS online account system would transform tax administration.

Technology use among other government agencies and within the private sector has heightened taxpayer expectations for quality online service from the IRS. Taxpayers and tax professionals have come to expect secure and convenient access to their personal and client information. A recent study found that 76 percent of respondents felt that government services should be similar to or better than those offered by the best private sector organizations.<sup>3</sup> Taxpayers desire and expect the ability to engage in communications and transactions similar to those with their financial services providers.<sup>4</sup>

The severe disruption in IRS operations resulting from the COVID-19 pandemic (including historically low levels of phone service<sup>5</sup> and long delays for paper processing<sup>6</sup>) spotlighted the critical need for the IRS to increase online offerings to assist taxpayers in providing the information they need to fulfill their tax obligations. As taxpayers had limited opportunities to interact with the IRS in person or via telephone, the

IRS had an opportunity – an obligation, even – to provide key information in a format easily accessible by taxpayers. This past year, the IRS was forced to quickly deploy a number of online services and capabilities, including electronic portals for Economic Impact Payments and advance payments of the Child Tax Credit, which were beneficial to millions of taxpayers. Unfortunately, these services were designed as standalone portals with limited and specific functionality.

Despite its progress, the IRS has yet to develop and adopt a one-stop solution for online and digital offerings that combines communications and interactions with individual and business taxpayers as well as with tax professionals who represent these taxpayers. While the IRS has embarked into this digital self-service realm (*e.g.*, IRS2Go app, Where's My Refund? and Where's My Amended Return? online tools, and Taxpayer Digital Communications (TDC)), many of these are standalone applications not readily accessible in one central location to taxpayers and practitioners. Imagine what the IRS can accomplish and how much time and effort it could save if taxpayers could easily access their tax information online. The National Taxpayer Advocate wants to stop imagining this; the IRS needs to have robust online accounts available for all taxpayers and their representatives.

We recognize that the IRS is in the midst of a six-year modernization plan that includes a commitment to modernizing the taxpayer experience.<sup>7</sup> A key part of this plan must be a strong commitment to prioritize development of a robust online account for individual and business taxpayers, along with practitioners. The IRS agreed with ten of the 11 online account-related recommendations in the National Taxpayer Advocate's 2020 Annual Report to Congress but cited funding limitations for eight of these recommendations.<sup>8</sup> Until the IRS promptly adopts and implements additional online account features heading into the 2022 filing season, we continue to question the IRS's commitment to providing first-rate taxpayer service.

## ANALYSIS

### Congressional Directives to Improve the Taxpayer Experience

In recent years, Congress has clearly and emphatically stated that the federal government needs to do a better job improving the customer experience. The 21st Century Integrated Digital Experience Act (21st Century IDEA) was enacted in 2018 to improve the digital experience for government customers.<sup>9</sup>

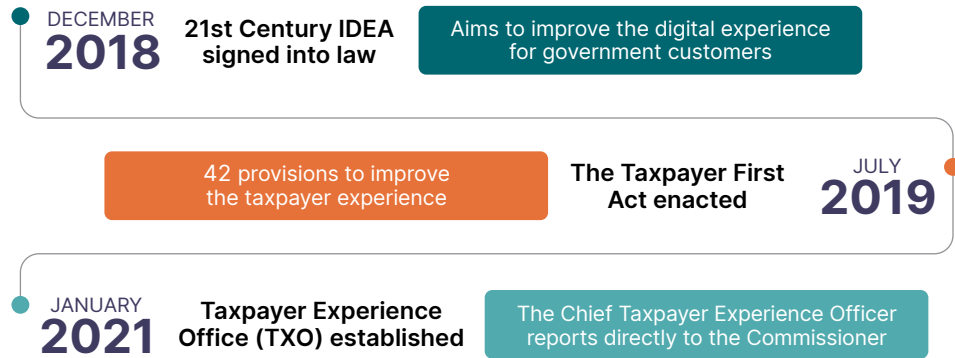
In 2019, Congress enacted the Taxpayer First Act (TFA),<sup>10</sup> directing the IRS to restructure and enhance the way it serves taxpayers. The TFA consists of 42 provisions aimed to ensure the IRS delivers a 21st-century customer experience, including:

- **Comprehensive customer service strategy (§ 1101):** Section 1101 requires the IRS to develop a comprehensive customer service strategy that includes best practices similar to those provided by private industry to meet taxpayers' reasonable expectations for, among other things, expanded online services; and
- **Electronic authorization of practitioners (§ 2302):** Section 2302 requires the IRS to publish guidance to establish procedures to allow taxpayers to electronically authorize disclosure to a practitioner or grant power of attorney to a practitioner.

To help the IRS comply with the 21st Century IDEA and the TFA, the IRS established the Taxpayer Experience Office (TXO), headed by a Chief Taxpayer Experience Officer who reports directly to the Commissioner.<sup>11</sup>

FIGURE 2.6.1

### Congressional Directives to Improve the Taxpayer Experience



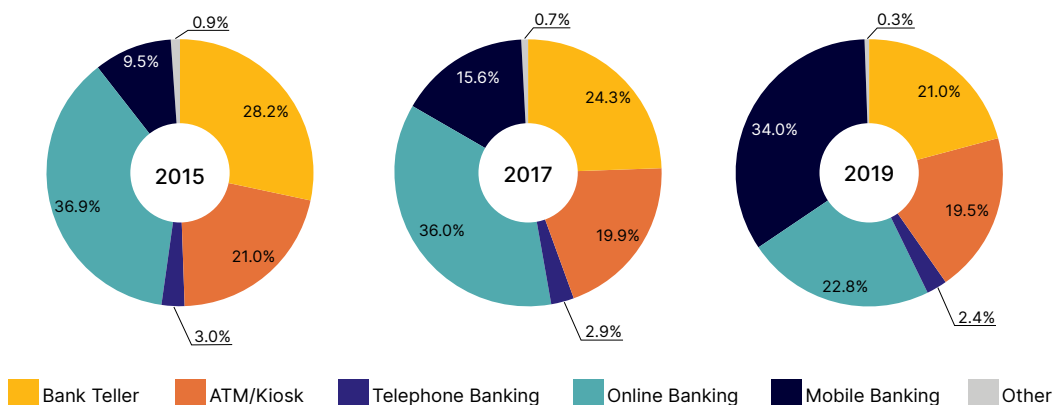
In September 2021, the TXO released a Taxpayer Experience Strategy Roadmap, a high-level plan that outlined its priorities for the next four years.<sup>12</sup> Improved online service offerings fall within two of the six focus areas articulated in the roadmap: Expanded Digital Services and Seamless Taxpayer Experience.<sup>13</sup>

### Consumer Preferences for Online Services Are Increasing at a Rapid Rate

In today's environment, consumers have come to expect the convenience of completing actions on their account without the need for face-to-face or telephone assistance. The Federal Deposit Insurance Corporation (FDIC) has tracked trends in banking preferences of American households since 2009. In its latest survey conducted in 2019, FDIC found that 57 percent of households preferred online or mobile banking as their primary method to access their bank account, up from 52 percent in 2017 and 46 percent in 2015.<sup>14</sup>

FIGURE 2.6.2<sup>15</sup>

### Primary Method Used to Access Bank Account by Year, for Banked Households That Accessed Their Account in the Past 12 Months



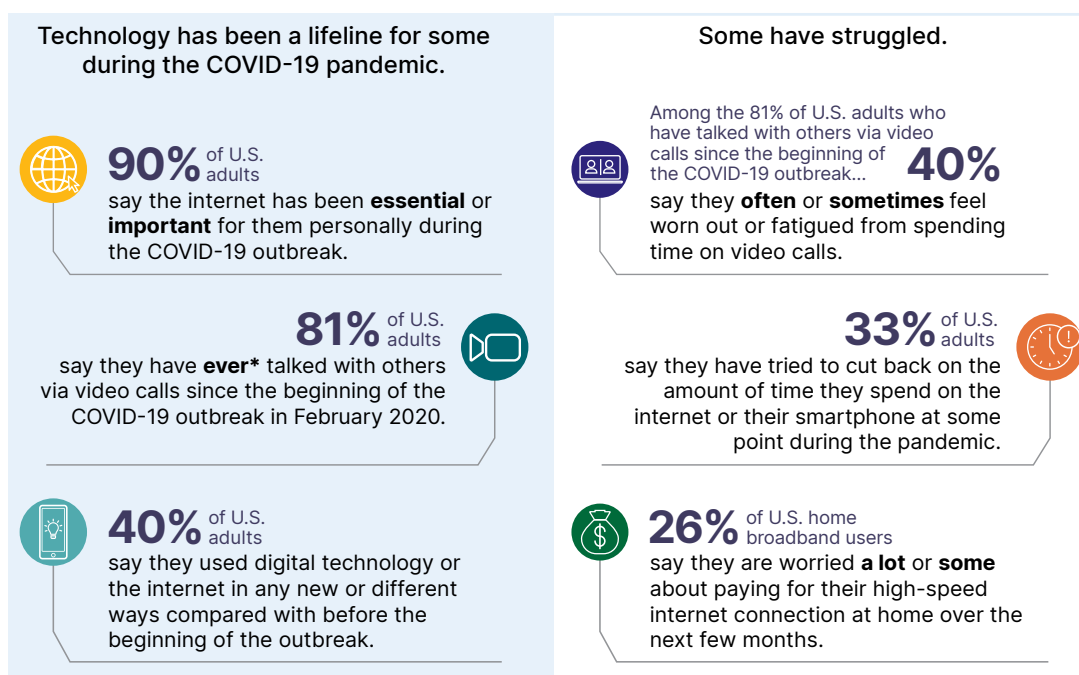
Think about your household or business usage of online services since 2019. Has it increased? Certainly, the COVID-19 pandemic has transformed many aspects of American lives and has led to a surge in the use

of digital technology. For example, there was a 200 percent jump in new mobile banking registrations in April 2020, which corresponded with a 50 percent reduction in branch bank traffic the same month.<sup>16</sup>

Results from a Pew Research Center survey conducted in April 2021 reveal the extent to which Americans' use of the internet has changed. Ninety percent of U.S. adults say the internet has been essential or important to them during the pandemic.<sup>17</sup>

**FIGURE 2.6.3**

### Reliance on Technology During the Pandemic



\*"Ever" talked with others via video calls includes those who say they did so several times a day, about once a day, a few times a week, about once a week, every few weeks, or less often.

Note: Those who did not give an answer or who gave other responses are not shown.

Source: Survey of U.S. adults conducted April 12-18, 2021. "The Internet and the Pandemic."

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As consumer preferences evolve, the IRS must offer a more dynamic set of online services with the means to seamlessly connect to other digital or online products. However, the development of robust online service offerings must not come at the expense of reduced levels of service via other channels. Some segments of the taxpaying population (*e.g.*, Amish, elderly, low-income, or rural taxpayers) cannot or prefer not to use online services. The IRS must resist the temptation to cut back on traditional service delivery channels such as in-person and telephone customer service options.

### Current IRS Online Service Offerings

The IRS has made significant strides in bolstering its online service offerings in recent years. Since 2016, the IRS has offered taxpayers its Online Account application and gradually increased its functionality. Currently, registered users of Online Account may, among other capabilities, view account balances, make payments, view tax records, view select notices and letters, and view authorizations for online requests from tax professionals.<sup>18</sup>

**FIGURE 2.6.4, Online Account Fiscal Year (FY) 2021 Statistics (October 2020 Through September 2021)<sup>19</sup>**

| Navigated to   | % Increased over this period in FY 20 |
|--|---------------------------------------|
| <b>103.5M</b> sessions navigated to View Your Account Information Page   | 67%                                   |
| <b>50.5M</b> authenticated user sessions   | 118%                                  |
| <b>12.2M</b> unique users have accessed their online account   | 101%                                  |
| The following actions were taken after viewing balance information:  |                                       |
| <b>5.2M</b> to Direct Pay, resulting in <b>2.2M</b> payments totaling over <b>10B</b><br>• Increase of 49%, 59% and 82%, respectively over FY 20 |                                       |
| <b>1.9M</b> to Pay by Card — payment data is not available<br>• Increase of 61% over this period in FY 20  |                                       |
| <b>2.8M</b> to Online Payment Agreement, generating <b>597K</b> agreements<br>• Increase of 31% and 100%, respectively over FY 20                |                                       |
| <b>199K</b> to Pay by Check or Money Order<br>• Increase of 5% over this period in FY 20   |                                       |
| <b>15.3M</b> sessions navigated to Get Transcript, <b>10.9M</b> sessions with a download<br>• Increase of 157% and 190%, respectively over FY 20 |                                       |

Taxpayers accessed the Online Account application slightly over 50 million times in FY 2021, more than double the usage in FY 2020.<sup>20</sup> In addition to the Online Account application for individuals, the IRS has provided other online applications to assist taxpayers, as shown in Figure 2.6.5.

**FIGURE 2.6.5, IRS Online Self-Assistance Applications<sup>21</sup>**

| Application Name           | Taxpayer Function  | Information From Application Reflected in Online Account | Type of User            | Number of Transactions or Sessions, FY 2020 | Number of Transactions or Sessions, FY 2021 (Through August) |
|----------------------------|--|--|-------------------------|---|--|
| Online Account             | View key information such as balance due and payment history, make a payment online, request a payment agreement, or access tax records via Get Transcript | N/A  | Individual              | 23,164,489                                  | 47,112,051   |
| Get Transcripts Online     | Retrieve a variety of transcripts online to view, print, or download   | Yes  | Individual              | 36,422,000                                  | 72,040,000   |
| Get Transcripts by Mail    | Receive a return or account transcript through mail  | Yes  | Individual and Business | 1,462,000                                   | 2,192,000  |
| Direct Pay                 | Pay directly from bank account   | Yes  | Individual              | 12,507,969                                  | 14,646,413   |
| Online Payment Agreements  | Request a payment agreement for certain taxpayers  | Yes  | Individual and Business | 965,418                                     | 1,361,327  |
| Get My Payment             | Verify payment amount and status of Economic Impact Payments   | Yes  | Individual              | 557,734,867                                 | 693,921,605  |
| Where's My Amended Return? | Verify receipt and processing status for amended return (Form 1040X)   | No   | Individual              | 4,178,000                                   | 11,792,000   |

## Most Serious Problem #6: Online Accounts

| Application Name   | Taxpayer Function  | Information From Application Reflected in Online Account | Type of User            | Number of Transactions or Sessions, FY 2020 | Number of Transactions or Sessions, FY 2021 (Through August) |
|--|--|--|-------------------------|---|--|
| <b>ID Verify</b>   | Verify identity so the IRS can process a federal income tax return filed with the taxpayer's name and taxpayer identification number | No   | Individual              | 283,784                                     | 621,507  |
| <b>IP PIN</b>  | Validate identity and retrieve an Identity Protection PIN online   | No   | Individual              | 398,991                                     | 664,877  |
| <b>Modernized Internet Employer Identification Number</b>  | Apply for and receive an employer identification number (EIN) over the web   | No   | Individual and Business | 5,528,000                                   | 6,540,000  |
| <b>Transcript Delivery Service – Reporting Agents</b>      | Retrieve a variety of account transcripts through mail, fax, or online   | No   | Individual and Business | 269,000                                     | 343,000  |
| <b>Transcript Delivery Service – States</b>                | Retrieve a variety of account transcripts through mail, fax, or online   | No   | Individual and Business | 431,860                                     | 305,000  |
| <b>Transcript Delivery Service – Third Parties</b>         | Retrieve a variety of account transcripts through mail, fax, or online   | No   | Individual and Business | 136,517,000                                 | 205,170,000  |
| <b>Income Verification Express Service</b>                 | Retrieve transcripts from an online secure mailbox to verify income of a borrower  | No   | Individual and Business | 12,317,000                                  | 13,750,000   |
| <b>Free Application for Federal Student Aid on the Web</b> | Access tax return information and transfer it directly to the FAFSA form   | No   | Individual              | 17,665,000                                  | 14,867,000   |
| <b>Tax Withholding Estimator</b>                           | Estimate income tax for current tax year and compare that estimate with current withholding  | No   | Individual              | 5,656,385                                   | 4,771,417  |
| <b>Interactive Tax Assistant</b>                           | Receive answers to basic tax law questions   | No   | Individual and Business | 2,736,000                                   | 2,179,000  |
| <b>Child Tax Credit Update Portal</b>                      | Verify if enrolled to receive advance payments; unenroll from advance payments; update bank account and mailing address              | No   | Individual              | N/A   | 21,602,223<br>(application launched 6/21/21)                 |

Online service offerings are as important as ever for taxpayers as the IRS deals with continued processing disruptions, low levels of telephone service, delays in correspondence, and limited options for walk-in assistance – taxpayers simply do not have many viable options for service. To alleviate some of the traffic flow to traditional offline service, it is critical the IRS immediately leverage digital channels for service delivery where feasible. We recognize and applaud the progress the IRS has made in its online service offerings in recent years. Though we are optimistic that the IRS will eventually add functionality for taxpayers and practitioners, the National Taxpayer Advocate believes that the IRS should prioritize and add this functionality quickly.

## **Suggestions for Improved Taxpayer Online Services**

### ***The IRS Must Expand Online Account Features and Functionality***

The National Taxpayer Advocate supports the multiyear IRS modernization plan that envisions the Online Account application becoming the central hub for individual taxpayers to access all of their information and take action where needed. The IRS has established and socialized IRS.gov as the authoritative source online for getting general information, calculators, videos, news, etc., and for accessing digital services. The Online Account application, as a personalized entry to IRS.gov, should provide taxpayers the ability to navigate to all IRS online information and services.

To its credit, the IRS has steadily incorporated additional features to Online Account over the years, but there are still some significant limitations. For example, currently there is no ability for taxpayers to take these actions within the Online Account application:

1. Authorize a third-party representative via Online Account or revoke a third-party authorization (this is currently limited to certain tax professionals who submit authorizations through a Tax Pro Account);
2. View all account activity (only select notices and letters are currently loaded on Online Account);
3. Upload correspondence and attach documents;
4. Chat with an IRS representative;
5. Seamlessly access all relevant FAQs, IRS videos, Interactive Tax Assistant, or other digital services not yet fully integrated while within Online Account;
6. Provide a payment amortization estimate for taxpayers to determine best payment options; and
7. Set self-service alerts for activity on Online Account.

Allowing such capabilities from within the Online Account application would not only improve taxpayer satisfaction but also could alleviate some of the burden on IRS employees staffing the toll-free telephone lines and Taxpayer Assistance Centers (TACs). The IRS can fully harness the benefits of online services by making the taxpayer experience interactive. For example, instead of merely providing information to taxpayers in a one-way communication stream, the IRS should enable taxpayers to upload documents and send information to the IRS within Online Account.<sup>22</sup> If the IRS were to create a virtual chat or other secure messaging options within Online Account to communicate back and forth with taxpayers or practitioners, it would lessen the need for taxpayers to call the understaffed toll-free telephone lines or make unnecessary trips to TACs.

As the IRS continues to have increasing interaction with the public online, it should ensure that taxpayers are made aware of their rights. Currently, taxpayer rights are documented in IRS Publication 1 and available directly on IRS.gov. The IRS should include a digital version of Publication 1 that can be easily accessed by Online Account users, especially when taxpayers use the account balance and payment features. The IRS should also provide links to TAS and other programs, such as Low Income Taxpayer Clinics (LITCs), Volunteer Income Tax Assistance (VITA), and Tax Counseling for the Elderly (TCE), on the main landing page and the top banner of the IRS.gov main page.



### ***Provide More Proactive Customer Service Via Online Services***

The IRS should continue to leverage its online services to provide personalized messages based on the specific taxpayer interaction. For example, if a taxpayer is viewing payment options in Online Account, it would be helpful if the IRS provided a link to explain, “What to do if you don’t think you owe this amount.” Or if a taxpayer is navigating the tax withholding estimator, the IRS should use the Online Account application as a hub to display links to existing videos or information on IRS.gov on that subject, without requiring the taxpayer to leave Online Account. By including targeted links to IRS.gov content, the IRS could promote compliance and bolster taxpayer satisfaction relatively inexpensively. Imagine if taxpayers had relevant information easily accessible without the need to pick up a phone or send in a letter. A win-win for taxpayers, the IRS, and tax administration.

### ***The IRS Should Offer Online Account for Business Taxpayers***

The impact of COVID-19, combined with related legislative tax and economic relief provisions, has created many challenges for businesses, creating increased need for IRS support. Sadly, there is no comparable version of the Online Account application for business taxpayers. Business taxpayers (large and small) would undoubtedly benefit from a Business Online Account (BOLA) offering the same features afforded to individual taxpayers.

TAS is encouraged to learn that the IRS is planning for the development of the BOLA application.<sup>23</sup> An online account application tailored for business taxpayers could provide additional features such as populating due dates for upcoming tax return or information return filings, sending reminders, and listing payment due dates and payment options. One specific example where BOLA adds value is in communicating the status of Forms 941, Employer’s Quarterly Federal Tax Returns. The IRS has experienced delays in processing such forms,<sup>24</sup> and one way to ease the burden of phone calls and taxpayer correspondence would be to enable employers or their representatives to check the status via BOLA.

### ***Tax Pro Account Requires Additional Functionality***

The IRS rolled out Tax Pro Account in 2021 for tax professionals. A tax professional must have an active Tax Pro Account and receive approval from a taxpayer with an active Online Account to use Tax Pro Account.<sup>25</sup>

However, the current iteration of Tax Pro Account is severely limited in scope. It is only useful for individual tax professionals who have a Centralized Authorization File (CAF) number in good standing who submit and execute a power of attorney or tax information authorization from clients. Additional features of Tax Pro Account that tax professionals might find helpful include the ability to:

- View clients’ Online Accounts and notices (when authorized);
- Act on behalf of clients via the clients’ Online Accounts;
- Communicate virtually with Practitioner Priority Service;
- Receive proactive messaging from the IRS, including reminders and educational items to foster compliance;
- View clients’ payment history and any payment agreements;
- Upload documents and provide information on behalf of clients;
- Interact with the IRS using secure email during an audit; and
- Request account transcripts for clients within Tax Pro Account.

Allowing tax professionals more capabilities within Tax Pro Account would not only benefit tax professionals but could also improve the adoption rate of taxpayers using the Online Account application. The National Taxpayer Advocate strongly encourages the IRS to prioritize the ability for practitioners to view their clients’ Online Account information from within Tax Pro Account. This one improvement would be significant for



practitioners in assisting taxpayers to meet their filing and payment needs and provide much-needed assistance and guidance on tax issues. Again, a win-win for taxpayers, practitioners, and tax administration.

### ***The IRS Has Made Advances in Secure Authentication, Which Should Lead to One-Stop Access***

Because the IRS is the custodian of sensitive financial information from hundreds of millions of taxpayers,<sup>26</sup> we appreciate the need for it to take precautions to protect its data. TAS commends the IRS on the launch of the Secure Access Digital Identity (SADI) platform in July 2021 (and the subsequent expansion in November 2021).<sup>27</sup> SADI's modernized authentication approach addresses some shortcomings of the prior authentication process while meeting the updated digital identity guidelines from the National Institute of Standards (NIST) and Technology and Office of Management and Budget (OMB) policy.<sup>28</sup>

Although SADI provides improved options for taxpayers to pass authentication with a single secure log-in, taxpayers may still encounter difficulty navigating the various online resources available to them. For example, even if a taxpayer has uploaded digital documents during a correspondence audit, the taxpayer cannot access these documents from his or her Online Account. Similarly, even if a taxpayer has been working on and uploading digital documents via the TDC application during a correspondence audit, the taxpayer cannot access this information from his or her Online Account. The IRS should deliver an online taxpayer portal to centralize access to information and resources so taxpayers can easily access tools and information from within Online Account.

Requiring taxpayers to navigate between several standalone systems is unnecessarily burdensome. A single secure log-in combined with a consolidated resources page or customer hub may increase use and knowledge of online services and products.

### ***Tap Into the Mobile App***

Consumers desire convenience. They want access to their data while on the go, as evidenced by the trend in banking preferences – mobile apps have overtaken online access as the preferred way for banking customers to access their bank accounts.<sup>29</sup> The IRS has made strides in meeting taxpayer preferences for interaction while on the go but has focused its efforts on building transactional experiences that are mobile-responsive (*e.g.*, “mobile-friendly” web pages).<sup>30</sup> World-class taxpayer service demands that the IRS increase functionality of its mobile app, IRS2Go, to mirror the functionality available from its mobile-friendly online offerings, such as displaying account payment information and IRS notices.

### ***The IRS Should Integrate the Where's My Refund? Tool With the Online Account Application and Offer More Specificity***

This past filing season, the Where's My Refund? feature was a highly utilized tool on IRS.gov by taxpayers eager to find out when they can expect their tax refund. For the tens of millions of taxpayers who experienced delays in receiving their tax refunds, the information provided by the tool was not very specific or helpful; it merely continued to display the “received” status day after day.

The IRS indicated that it plans to integrate the Where's My Refund? refund status functionality into the Online Account application.<sup>31</sup> Such integration would increase data security by preventing identity thieves from easily accessing refund information (since taxpayers would need to authenticate their identity prior to receiving detailed information about their refund status). However, the IRS has been unable to receive the necessary funding to make these improvements.<sup>32</sup> The National Taxpayer Advocate recommends that the IRS prioritize the funding of these improvements to the Where's My Refund? and Where's My Amended Return? tools in FY 2022.

The IRS should provide additional detail regarding the current stage of refund processing, including an anticipated timeline for processing. In the interim, we recommend the IRS expand the current status displays

for refund status to include “additional delays in processing” or similar wording, or provide an explanation or current timelines in addition to the current “received,” “approved,” or “sent” statuses.<sup>33</sup> More specific messaging updated weekly would increase taxpayer satisfaction, decrease the call volume to IRS telephone CSRs, and reduce the need to send paper correspondence.

## CONCLUSION AND RECOMMENDATIONS

Online service offerings are even more important for taxpayers as the IRS continues to deal with processing disruptions, low levels of telephone service, delays in correspondence, and limited options for walk-in assistance – taxpayers simply do not have many viable options for offline service. We acknowledge the multitude of challenges associated with developing and rolling out robust online service offerings – whether related to funding, human resources, or security concerns – and applaud the IRS for the significant progress it has already made. We encourage the IRS to prioritize its efforts and continue pursuing long-range plans for both resources and sustainable multiyear funding.

TAS looks forward to a continued partnership with the IRS as it works toward delivering a better online experience for taxpayers, including improvement in authentication processes. In the interim, taxpayers need better options for self-service and self-education using online tools. We believe that the improvements outlined here are attainable if the IRS assigns the appropriate priority to these projects.

## Preliminary Administrative Recommendations to the IRS

The National Taxpayer Advocate recommends that the IRS:

1. Prioritize Tax Pro Account updates to enable practitioners to upload documents and request transcripts on behalf of clients.
2. Prioritize and expedite efforts to deliver BOLA to business taxpayers by the end of FY 2023.
3. Expand IRS2Go mobile app functionality, such as displaying account payment information and IRS notices.
4. Add links to relevant IRS.gov content and videos where appropriate to allow taxpayers easy access to self-help information and personalized guidance based on their usage of their Online Account.
5. Prioritize the development and deployment of more personalized status updates for Where’s My Refund? and Where’s My Amended Return? online tools.
6. Expand the current displays and updates for refund status to include “additional delays in processing” (or similar language) in addition to the current “accepted,” “approved,” or “sent” statuses.
7. Include Publication 1 in the Online Account application and provide links to TAS, LITCs, VITA, and TCE on the main landing page and the top banner of the IRS.gov main page.

## RESPONSIBLE OFFICIALS

Kenneth Corbin, Commissioner, Wage and Investment Division, and Chief Taxpayer Experience Officer  
 Darren Guillot, Commissioner, Collection and Operations Support, Small Business/Self-Employed Division  
 De Lon Harris, Commissioner, Examination and Operations Support, Small Business/Self-Employed Division  
 Karen Howard, Director, Office of Online Services  
 Robert Choi, Chief Privacy Officer, Privacy, Governmental Liaison and Disclosure

## IRS COMMENTS

The IRS is strongly committed to expanding digital services. We share the National Taxpayer Advocate's vision for online accounts for individual and business taxpayers that allow them to view their personalized tax information and transact via self-service. We are also working towards our vision for tax professionals to be able to establish and manage their authorization relationships online, access tax-related information and represent their clients with the IRS.

In Fiscal Year 2021, the IRS launched many new online account features, including:

- The ability for taxpayers to view and approve, or reject, authorization requests (Power of Attorney or Tax Information Authorizations) from their tax professionals. This enabled the corresponding first release of Tax Pro Account.
- The ability for taxpayers to view digital versions of notices the IRS issued to them within their online account, including 11 of the highest volume notices.
- The Child Tax Credit Update Portal, with options to view and manage child tax credit payments, which are accessible from within Online Account and available in English and Spanish.
- The ability for certain taxpayers to create a short-term payment plan within their online account, including the new option for a 180-day plan.

Our goal is a centralized account experience; however, there are necessary trade-offs between focusing on new features not otherwise available online or on integrating different applications that are already available. With our limited resources, we have so far focused on integrating the payment and payment plan experiences, and on building all applications in a way that is mobile-friendly.

- The IRS recently launched an integrated payment feature for individual online account, enabling taxpayers to make balance, estimated tax or other types of payments.
- We plan to integrate Taxpayer Digital Communication features into our account experiences so taxpayers can communicate securely with the IRS within their online account.
- We also recently launched improvements to identity verification, making our applications more secure and more accessible. Taxpayers can use the same credentials to access Online Account, Tax Pro Account, and other applications.

All of these are big steps towards a more robust and fully integrated online experience.

For business taxpayers, the IRS is conducting user research to inform a roadmap for our business online account, which we hope to launch within the coming years. Inter-product features such as tax pro and business authorizations are essential to meet user needs but are also very complex, requiring interconnected updates to different applications and multiple IRS systems. Product roadmaps and plans may expand or contract from year to year to align with budget variance, but the IRS remains committed to delivering the full vision for taxpayer digital services.

In planning our product roadmap and making updates to IRS.gov, we use a data-driven approach with direct input from taxpayers and tax professionals. The IRS conducts frequent user testing, analyzes survey feedback and application data, and conducts periodic targeted research analyses, stakeholder interviews or focus groups. We use this feedback to deliver the highest value features for taxpayers and practitioners in ways that meet user needs. Some features recommended in this report have not surfaced in our research. We welcome the opportunity to work with the Taxpayer Advocate Service and to hear more about the underlying research and constituent data that support the items mentioned in this report.

Over the next several years, the IRS hopes to increase the features and personalization of individual online account and launch a business online account, while improving the Tax Pro Account. We have a long backlog of additional features and integrations that we must continuously prioritize. Our ability to deliver new features and increase our online services is dependent on whether funding is allocated to the programs and offices responsible for developing web applications. While we agree on a shared vision for digital services and remain committed to addressing last year's recommendations, potential budget limitations for FY22 and FY23 could result in a pace of progress that may not meet the expectations and timelines expressed in this report.

## TAXPAYER ADVOCATE SERVICE COMMENTS

The National Taxpayer Advocate is encouraged by the IRS's renewed commitment to expanding digital services for individual taxpayers, business taxpayers, and tax professionals. We appreciate the efforts the IRS has made on this front, including a significant expansion of functionality for the Online Account application during the past year.

We recognize the reality of funding limitations that the IRS must abide by, with competing priorities set forth by external stakeholders (including Congress and Secretary of the Treasury). However, we encourage the IRS to build a business case for the necessary resources to implement the short-term and long-term improvements to its online account features – much of what we recommend in this report will save the IRS from expending resources downstream. Taxpayers are counting on the IRS to prioritize its efforts to secure sustainable multiyear funding to make robust online account services a reality today.

## RECOMMENDATIONS

### Administrative Recommendations to the IRS

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5. Prioritize the development and deployment of more personalized status updates for Where's My Refund? and Where's My Amended Return? online tools.
6. Expand the current displays and updates for refund status to include "additional delays in processing" (or similar language) in addition to the current "accepted," "approved," or "sent" statuses.
7. Include Publication 1 in the Online Account application and provide links to TAS, LITCs, VITA, and TCE on the main landing page and the top banner of the IRS.gov main page.

## Endnotes

- 1 See Most Serious Problem: *IRS Recruitment, Hiring, and Training: The Lack of Sufficient and Highly Trained Employees Impedes Effective Tax Administration*, *supra*.
- 2 See Most Serious Problem: *Filing Season Delays: Millions of Taxpayers Experienced Difficulties and Challenges in the 2021 Filing Season*, *supra*.
- 3 Boston Consulting Group, Inc., and Salesforce, *The Global Trust Imperative* 4, 12 (2021), [https://www.salesforce.com/content/dam/web/en\\_us/www/documents/industries/government/bcg\\_salesforce\\_global\\_trust\\_imperative\\_compressed.pdf](https://www.salesforce.com/content/dam/web/en_us/www/documents/industries/government/bcg_salesforce_global_trust_imperative_compressed.pdf).
- 4 A 2020 study conducted by the IRS found that 83 percent of respondents felt it was important to have “[a]n IRS personal online account that allows you to login online, confirm your identity, and access your IRS tax account for information and transactions.” IRS, Research, Applied Analytics, and Statistics, Comprehensive Taxpayer Attitude Survey 2020 Executive Report 43 (Nov. 11, 2020), <https://www.irs.gov/pub/irs-pdf/p5296.pdf>. See also Boston Consulting Group, Inc., and Salesforce, *The Global Trust Imperative* 4, 12 (2021), [https://www.salesforce.com/content/dam/web/en\\_us/www/documents/industries/government/bcg\\_salesforce\\_global\\_trust\\_imperative\\_compressed.pdf](https://www.salesforce.com/content/dam/web/en_us/www/documents/industries/government/bcg_salesforce_global_trust_imperative_compressed.pdf).
- 5 See Most Serious Problem: *Telephone and In-Person Service: Taxpayers Face Significant Challenges Reaching IRS Representatives Due to Longstanding Deficiencies and Pandemic Complications*, *supra*.
- 6 See Most Serious Problem: *Filing Season Delays: Millions of Taxpayers Experienced Difficulties and Challenges in the 2021 Filing Season*, *supra*.
- 7 See IRS, Pub. 5336, Integrated Modernization Business Plan (Apr. 2019), <https://www.irs.gov/pub/irs-pdf/p5336.pdf>; National Taxpayer Advocate 2020 Annual Report to Congress 84-101 (Most Serious Problem: *Information Technology: Antiquated Technology Jeopardizes Current and Future Tax Administration, Impairing Both Taxpayer Service and Enforcement Efforts*).
- 8 National Taxpayer Advocate Fiscal Year 2022 Objectives Report to Congress 74-83 (*IRS Responses to Administrative Recommendations Proposed in the National Taxpayer Advocate’s 2020 Annual Report to Congress*).
- 9 Pub. L. No. 115-336, 115th Cong. (2018).
- 10 Pub. L. No. 116-25, 116th Cong. (2019).
- 11 The first Chief Taxpayer Experience Officer chosen is the current Commissioner of the Wage and Investment Division, who will be serving in both roles concurrently. IRS, IR-2021-22, IRS Creates New Chief Taxpayer Experience Officer Position; Ken Corbin to Lead New Focus to Improve Service to Taxpayers (Jan. 26, 2021), <https://www.irs.gov/newsroom/irs-creates-new-chief-taxpayer-experience-officer-position-ken-corbin-to-lead-new-focus-to-improve-service-to-taxpayers>.
- 12 IRS, Taxpayer Experience Strategy Roadmap, FY 2022-2025 Roadmap (Sept. 30, 2021).
- 13 *Id.* at 13.
- 14 FDIC, *How America Banks: Household Use of Banking and Financial Services, 2019 FDIC Survey* 4 (Oct. 2020), <https://www.fdic.gov/analysis/household-survey/>.
- 15 *Id.* The sum of the columns in each year may not add up to 100 percent due to rounding.
- 16 See Ryan Haar, *How the Pandemic Pushed a Generation of Americans to Discover the Perks (and Risks) of Online Banking*, NEXTADVISOR (Jan. 8, 2021), <https://time.com/nextadvisor/banking/how-the-pandemic-is-changing-banking/>.
- 17 Pew Research Center, *The Internet and the Pandemic* (Sept. 1, 2021), <https://www.pewresearch.org/internet/2021/09/01/the-internet-and-the-pandemic/>.
- 18 IRS, Pub. 5533, Online Account (July 2021), <https://www.irs.gov/pub/irs-pdf/p5533.pdf>.
- 19 IRS, Online Account Status Briefing (Oct. 27, 2021).
- 20 There were 50,494,907 visits to Online Account during the full FY 2021. IRS response to TAS fact check (Dec. 3, 2021).
- 21 IRS response to TAS information request (Oct. 7, 2021).
- 22 The Taxpayer Experience Roadmap references the capability of taxpayers to securely upload documents. See IRS, Taxpayer Experience Strategy Roadmap, FY 2022-2025 Roadmap 14 (Sept. 30, 2021). The IRS allows taxpayers to upload documents in certain exam cases but has not yet expanded this functionality to Online Account. See SERP Alert 21A0316, Documentation Upload Tool (DUT) Implementation for Correspondence (updated Sept. 13, 2021).
- 23 On June 14, 2021, the IRS Office of Online Services submitted a Development Modernization and Enhancement request for \$1,292,000 in FY 2022 information technology funding for Business Online Account. (On file with TAS.)
- 24 As of December 1, 2021, the IRS had three million unprocessed Forms 941. IRS, IRS Operations During COVID-19: Mission Critical Functions Continue, <https://www.irs.gov/newsroom/irs-operations-during-covid-19-mission-critical-functions-continue> (last visited Dec. 13, 2021).
- 25 IRS, Who Can Use This Service, <https://www.irs.gov/tax-professionals/use-tax-pro-account> (last visited Dec. 23, 2021).
- 26 IRS, 2020 IRS Data Book Table 2, Number of Returns and Other Forms Filed, by Type, FY 2019 and 2020.
- 27 See Most Serious Problem: *Digital Communications: Digital Communication Tools Are Too Limited, Making Communication With the IRS Unnecessarily Difficult*, *infra*; IRS response to TAS fact check (Dec. 3, 2021).
- 28 See NIST, Special Publication 800-63-3, *Digital Identity Guidelines* (June 2017); OMB, M-19-17, *Enabling Mission Delivery Through Improved Identity, Credential, and Access Management (ICAM) Policy* 2, 7 (May 21, 2019).
- 29 FDIC, *How America Banks: Household Use of Banking and Financial Services, 2019 FDIC Survey* 4 (Oct. 2020), <https://www.fdic.gov/analysis/household-survey/>.
- 30 IRS response to TAS information request (Oct. 7, 2021).
- 31 *Id.*
- 32 *Id.*
- 33 See IRS, What Information Is Available?, <https://www.irs.gov/refunds/about-wheres-my-refund> (last visited Dec. 23, 2021). See also Most Serious Problem: *Transparency and Clarity: The IRS Lacks Proactive Transparency and Fails to Provide Timely, Accurate, and Clear Information*, *supra*.